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Remarks

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Prepared for delivery by Secretary of Agriculture John R. Block before the Foreign Service Institute in Washington, D.C., Oct. 17.

I am pleased that the Foreign Service Institute is devoting a share of this seminar to agricultural matters. I feel that an adequate appreciation of U.S. agriculture and its role in foreign affairs is necessary to effective foreign service.

I'm going to give you a brief overview of U.S. agriculture's international role. Then we'll look at some of the challenges that face us. Tomorrow, Bill Lesher, the assistant secretary for economics, will discuss domestic policy. And on Wednesday, Dick Smith, administrator of the Foreign Agricultural Service, will give you a closer look at agricultural export policies and prospects.

Since the colonial period, the United States has been the world's leading supplier of agricultural products.

Last year other nations turned to the U.S. for more than 40 percent of their imports of wheat and about 80 percent of their corn imports. We supply 80 percent of world soybean exports, 60 percent of cotton seed and 24 percent of rice. In all, we shipped nearly 160 million tons of agricultural goods valued at $39 billion.

There's more than figures in what I have just presented. What this track record really means is that agriculture has had a sunstantial influence on U.S. international affairs for the past four decades.

For instance, agriculture accounted for 50 percent of all U.S. foreign assistance immediately after World War II. This offered war-torn countries a measure of stability as they rebuilt their economies.

These exports went largely to feed the people of Japan, who today are strong allies and, I might point out, U.S. agriculture's best cash customers.

U.S. farm products have also played a major role in building greater economic and political stability in the developing world since the 1950s. When Public Law 480—Food for Peace—was enacted in 1954, our bounty became available to friendly nations that lacked the resources to provide for their own food needs. This offered them some breathing

room to get their own economic development programs underway.

The U.S. contributes more food aid yearly than all other countries combined—some $33 billion in the last three decades. We're at work today in countries of the Middle East, Far East, Africa and Latin America, including El Salvador, Honduras and Costa Rica.

Over time, as the developing world has grown more prosperous, many former P.L. 480 recipients have continued to use our agricultural products—only now they're customers rather than recipients.

U.S. agricultural products also played a key role in the historic openings to China and the Soviet Union in the last decade. Russia's need for importing grain was a major factor in the thawing of the cold-war relationship in the 1970s. With China, too, it has been our agricultural exports that have helped lay the foundation for more amicable foreign policy relationships.

The story about American agriculture's influence in the world doesn't end with exports.

Since the end of World War II, we've sent thousands of agricultural technicians abroad to teach and to serve as informal ambassadors to the rest of the world. We have technical and scientific exchange agreements with more than 30 countries. We have exchanged 13 teams with China under this program since 1980.

These teams not only carry their expertise around the world. They also impart the American principles of political and economic independence—the standards of individual freedom and justice.

Our exchange programs have also brought foreign agriculturists here—more than 70,000 of them since the 1950s. They learn about agriculture from USDA, from agribusiness and from farmers themselves.

This has to have a significant impact on foreign relations. It is not possible to learn about the achievements of our farmers without developing an appreciation of the system that makes our agriculture the most productive and efficient in the world.

True, U.S. agriculture has brought people of different cultures and regions closer together. But it is also a political reality that individual nations remain basically self-interested. This has become exceedingly

apparent in recent years as the conditions of world trade have changed dramatically.

What all this means is that agricultural trade is at a crossroads. We'll look into that and the challenges it presents. But first, let me recount some recent history.

World agricultural trade skyrocketed in the 1970s. Then came the 1980s. We started seeing huge surpluses as demand lagged because of global recession and monetary problems, particularly in developing countries.

The strong dollar compounded the problem in the U.S. Consequently, after 10 years of dramatic growth that reached a record $43.8 billion in fiscal 1981, U.S. exports dropped to $39.1 billion last year. And if our current estimate holds, they will be down 12 percent—to about $34.5 billion in fiscal 1983.

Agriculture was caught in the 1980s producing for the growth pattern of the '70s. But it just wasn't there. The result was an increase in stocks to burdensome levels, declining farm prices and reduced farm income.

Unlike most other countries, the United States undertook a massive program to bring supply into a closer balance with demand.

The result was the now well-known "payment-in-kind" or PIK program. It was implemented as a temporary measure to adjust supplies of corn, wheat, grain sorghum, rice and cotton. By moderating our supplies, we could preserve the financial integrity of our farm industry and ensure that we remain a reliable supplier over the long haul.

The PIK program had its roots in the expansionary period of the '70s when our farm policy was aimed at encouraging U.S. production and assuring steady supplies. U.S. farm programs emphasized higher minimum support rates, and target prices, and farmer-owned reserves designed to stabilize prices.

In 1980, with high inflation and a weak dollar, extending these policies seemed perfectly valid for the current decade. It also seemed reasonable to expect that export demand would continue strong.

So when Congress adopted agricultural legislation in 1981, 4 to 5 percent annual target price increases seemed appropriate. So did higher loan rates.

The trouble was, these policies made no provisions for adjustment to changing conditions such as falling market prices and the slump in world demand. This left the United States with farm support prices for some commodities above market-clearing levels. In turn, this cut into our ability to compete effectively in the world market.

At the same time, the higher support levels signaled competing countries to produce more. It became obvious that world price floors were heavily influenced by the U.S. support level.

Here's what happened. Some of our competitors established a price just below the U.S. rate, then enjoyed a price bonus in the prevailing market.

Or to put it another way: We handed them a market advantage on a silver platter. This will be a principal focus of debate leading to 1985 farm legislation.

I would not attempt to predict the outcome of that debate. But I can say that the current sentiment leans toward an open market, with farmers insured against inordinate market fluctuations by some means other than price supports.

In this interdependent agricultural world, no country's farm policy can be solely a domestic matter. It has worldwide consequences. This is profoundly true for the United States and the European Community.

Together, we account for about half of world agricultural trade. What we do affects all the trading nations—exporters and importers alike.

We share with all nations the desire for a strong domestic agriculture based on a prosperous farm community. It's a common goal, but we have taken totally different roads to reach it.

Here's an example. With stocks rising, demand lagging and market prices falling, the U.S. responded by cutting production. But at the same time, the community increased it's farm output records. Then, using a stepped-up subsidy program, the community moved the resulting surpluses to outside markets at a record pace for three years in a row.

We believe the market, as much as possible, should bear the cost of trade. We believe that market forces, not government, should be the primary influence on trade movement.

We encourage a system of disciplined agricultural trade, based on the principle of comparative advantage, a system that offers the best use of agricultural resources for the benefit of producers and consumers alike, a system in which government's main role is to assure only those adjustments necessary for balance in global supply and demand.

The road to liberal trade in agriculture has always been difficult. The temptation in agriculture is great, and understandable, to fight subsidy with subsidy—to meet foreign distortions of trade with distortions of our own.

And we are, in selected cases, being forced to use measures that the United States would not otherwise choose. Nevertheless, we remain committed to a more open world trading system. We will continue to work toward this goal.

Meanwhile, we are looking at policy adjustments to make our agriculture more competitive in the world market without resorting to export subsidies. We have announced a 10-percent reduction in the loan rate for wheat, and we are considering similar reductions for feed grains.

Export subsidies are the most important factor in the deteriorating state of agricultural trade, but import restrictions are an increasing problem.

As the EC pursues its effort to reform the Common Agricultural Policy, and as the accession of Spain and Portugal to the EC nears, we are concerned about possible new import restrictions. We are determined to continue to protect the access rights we have bought and paid for in GATT negotiations.

We continue to negotiate with Japan over improved access for a number of agricultural products, particularly beef and citrus. They've made a few concessions toward liberalization. But the situation is far short of what we believe to be necessary.

We have some pretty difficult ground ahead. I think you can appreciate what the solutions to the problems mean to us and to all the world.

Agricultural policy cuts to the very core of every nation. It's policy that affects our basic need for food, clothing and shelter.

While our conflicts over farm policy have accelerated during the last few years, while concessions and compromise have not been as rapid as

we would want, there has been a great willingness to discuss the problems. And that's a large part of the battle.

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Prepared for delivery by Secretary of Agriculture John R. Block before the National Agricultural Chemicals Association's Conference, Washington, D.C., Oct. 19.

The timing and the expanded format of your regulatory conference this year is most appropriate.

I say that because just three days ago—on Sunday—this nation joined 153 other countries around the globe in observing World Food Day.

October 16 marks the anniversary of the founding of the United Nations' Food and Agriculture Organization in 1945—and, thus, the beginning of the united effort by peace-seeking nations to end hunger throughout the world.

The expanded format of your conference is equally significant. Your industry played a vital role in helping American farmers attain the most productive, and the most efficient agriculture anywhere in the world.

It is, therefore, important to remember that 300,000 children are born worldwide each day. That's 300,000 more mouths to be fed everyday. And right now this world is having problems feeding all that we have now—this, in spite of our abundant supplies. Regardless of where this is taking place in the world—or the reasons why it is happening—sooner or later the impact of hunger hits home.

Where there is hunger and its associated disease, economic and social development cannot take place.

Without economic and social development, hundreds of millions of people will continue to be deprived of their dignity, as well as their basic needs.

And—where poverty, despair and lack of dignity prevail—there can be no real peace.

So, as we talk about the issues facing your industry in this decade, let's remember that our decisions will not only affect America today

and tomorrow—they also will impact upon the 6 billion people who will inhabit this earth by the year 2000.

As lawyers, scientists, marketing experts, etcetera—you are accustomed to dealing in a pragmatic environment. As a farmer, so am I.

And one thing I learned long before entering politics, is that crystal balls don't yield very pragmatic results.

For example, no one anticipated the vast changes that have taken place in agriculture over the past 20 years. In looking back, most of us in agriculture would have to concede that we weren't very good at predicting the future.

We didn't predict the wild demand for farm products that erupted in the 1970s which sent commodity prices soaring.

We didn't predict the Soviet grain embargo, nor the drought of 1980.

Who could predict those years would be followed by the bumper crops of stronger dollar, unfair trade practices among our allies and other factors, would simultaneously impact on demand, supplies and ultimately prices.

That was the picture a year ago. Many farmers faced financial ruin, even though the government was making record outlays for farm price supports.

The policies and programs of the past weren't working. Yet, calls came from some people for more government involvement, higher price supports and mandatory controls.

Something had to be done. And it had to be quick.

The economists figured it could take up to five years to turn things around. But the cost would mean the loss of many family farmers in the process. They didn't begin to calculate the damage it would do to rural communities, nor agribusinesses like yours.

That price was simply too high. Neither our farmers, nor the rest of rural America had five years to spare. Furthermore, neither the government nor the taxpayers had the billions of dollars it would take to support agriculture in the interim.

That's why we implemented the PIK program. I realize some people were concerned about the side affects, including some people in your

industry. I understand that—but I believe we all agree that something had to be done.

PIK has accomplished what it was intended to do, sooner than expected when combined with the drought. It has cut the surpluses and put dollars back into the pockets of our nation's farmers.

Those are dollars that can be spent to buy new equipment, fertilizers, seed, chemicals and to make improvements around the farm. Those are dollars that will be spent in rural communities. That helps all of us.

Equally important—as a result of PIK—the cost of farm programs next year will be cut dramatically. They should be less than a half of what they are this year.

PIK, of course, was not intended to be anything more than a temporary program. And that's all it will be. We won't have a PIK program for feed grains next year, because we don't need one. The wheat program contains a scaled down version. This is because we still have large stocks of wheat on hand.

Now, let's look at some other challenges.

In the coming year, we need to write a new farm bill. Hopefully, it will be one that better addresses our long-term needs. To start that process moving, I hosted an agricultural summit meeting this summer. Dale Wolf was there, representing your association. The objective was to talk about the future of agriculture—including the non-farm sector of rural America.

A few people criticized our including too many representatives from agribusiness in those sessions. But I frankly believe that the total agricultural community—farmers, suppliers, processors and consumers—must participate in this broadscale dialogue. We need that kind of muscle. We need that kind of strength.

We did not arrive at any solutions to the current problems. But that wasn't our intent. What we did was to start a dialogue about the future of agriculture. It's a dialogue that will continue.

I've toured many countries. I've hosted ministers of agriculture from around the world on my own farm. We talk, we exchange views and each time there is one message that comes through in resounding clarity.

The international dimensions of American agriculture are awesome.

It is a challenge and a responsibility which must be dealt with accordingly. We cannot turn our backs upon it. Nor can we afford to create political barriers that treat some nations more or less favorably than others.

At the same time, if the world hopes to achieve a genuine goal of long-term food security, then more nations will need to adopt the concept of comparative advantage.

By that I mean countries should concentrate on producing those commodities which they can produce most economically and buy the rest from other nations that can produce at more reasonable prices.

It is, and shall continue to be the policy of the United States to share, unselfishly, our agricultural technology with the food-deficit nations of the world. Likewise, we shall work with all nations to achieve a stable, open and productive agriculture that is oriented towards a free-market economy.

Equally important is the growth of high technology in modern agriculture. We have a unique, scientific-based system for renewal that is essential to the infusion of new ideas and productive innovation. And the hub of that system is linked directly to the close coordination of research and education between government, our universities and private industry.

As I'm sure many of you know, America is not alone in this race for new technology. Other nations—like Japan, West Germany and France—are putting a high national priority on the development of their biotechnology.

I'm convinced that we are at a threshold of another technological revolution in agriculture that will overshadow anything we've seen to date. We are being propelled into a new age—one that I'm certain will be exciting, challenging and rewarding.

As in the past, your industry can play a key role in the future scope of global agriculture. And by working together, I'm confident that we can help forge economic prosperity and a lasting peace among all citizens of the world.

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Prepared for delivery by Secretary of Agriculture John R. Block before the Southern Peanut Producers in Dothan, Ala., Oct. 21.

It's a real treat for me to be down here to join in your 40th National Peanut Festival. Harvest is really a great time, whether we're talking corn, wheat, cotton or peanuts. And I'm delighted to be here to help you celebrate.

Before coming down, I saw that your theme is "Festival of Stars." Then I thought about how some people have attempted to use the stars to predict the future. And then I thought about how nice it would be to have some of those stars helping us with our predictions.

We in agriculture haven't been too successful at predicting the future, but I guess that's part of the nature of agriculture.

We didn't predict the unprecedented demand for farm products which erupted in the '70s and sent commodity prices soaring.

We couldn't predict the ill-conceived Soviet grain embargo—or the drought of 1980, let alone the devasting one we just faced.

Then came the unexpected shocks of bumper crops in '81 and '82. Next, a worldwide recession, a strong dollar, nationalistic trade practices. They all combined to slow demand, boost supplies and depress prices.

That was the picture a year ago. Many farmers faced financial ruin. And yet, this was at a time when the government was making record outlays for farm price supports.

Clearly, the policies and programs of the past weren't working. It became apparent that a bold and innovative program was needed. This was the environment in which PIK was developed and implemented.

Keep this in mind: PIK is an outstanding success. Some critics may try to convince you otherwise—but the facts speak the truth. As a tool of supply management, PIK has accomplished what it was created to do. It has cut surpluses and put dollars back into the pockets of our nation's farmers.

These are dollars that now can be spent to buy equipment, fertilizers, seed and chemicals. Dollars which can be used to repay loans, make farm improvements and fuel the economic life of the rural community. And that helps all of us.

You are all certainly aware of the way in which a good peanut crop for the farmers makes a better year for other segments of your community as well.

Equally important, as a result of PIK, the cost of farm programs next year will be cut at least in half.

Here's another thing to keep in mind. We must not confuse the short-term breathing space provided by PIK with a long-lasting solution. We must—in every segment of agriculture—turn our thoughts to the future farm policy.

We have already started the process. This summer, I hosted an agricultural summit meeting as a starting point. The discussions did not arrive at any solutions to the current problems—but that wasn't our intent anyway. What it did do was to begin a dialogue on the future of agriculture.

This discussion includes the non-farm sector of rural America. I believe that the total commmunity of farmers, suppliers, processors and consumers must participate in this broad-based exchange of ideas.

We need that kind of far reaching and mutual strength to assure that food and fiber policies are not written by those who have little understanding or concern for the issues.

That is the kind of long-term view we must take in regard to the upcoming negotiations on the '85 farm bill. We must create legislation that will better address the long-term needs of a dynamic agriculture. We have reached the point where there are no other options.

You in the peanut industry are fortunate to have a program that is healthy and successful.

Part of the reason for the strength of your program is that it has been able to move with the times. In 1965, 1977 and again in 1982 it proved it could adapt to change in the peanut industry and change in the economic situation of our country.

I commend you for your farsightedness in being willing to abandon a rigid structure and move into one that was flexible.

In 1965, your industry signed a marketing agreement on screening for aflatoxin. This assured the American peanut of its enviable reputation for outstanding quality. Your impressive quality control is a major selling point in the competitive peanut market.

Allowing new farmers into the peanut industry to grow for the export market certainly broadened the economic impact of the peanut. It enabled you to move from merely maintaining your customers to expanding your export market. You can be truly competitive with China and India.

Your ability to compete is also being strengthened by your involvement in the Foreign Agricultural Service's cooperative program. I am aware that through the National Peanut Council's Export Committee you have invested heavily to develop overseas markets for your products.

There was a point prior to 1977 at which losses in the peanut program ranged up to $120 million in one year. Thanks to some concessions with an eye to the future, losses now are about $10 million a year. And as the quota continues to come down, we are looking at 1985 with the possibility of no loss at all.

Cooperation between the growers and the government has helped to reduce the burden to taxpayers.

Looking at the big picture, farm programs are projectd to cost about $19 billion this year. That is too high by any standards. We need to act quickly to get that situation turned around and headed in the right direction.

We all recognize a public responsibility to share the farmer's risk. But that role cannot embrace absolute price protection without regard to the marketplace. That is what we have now for dairy. We are fast approaching it for grains and cotton. And it doesn't work.

We must remember that budget controls and less spending are still critical to full economic recovery.

Evidence continues to mount that the nation's economy is picking up. We don't hear much about inflation anymore. The annual rate of inflation has been reduced from above 12 percent in 1980 to about 3 percent now. It seems that a problem solved is a problem soon forgotten.

But we can't afford to let our resolve weaken. Our new economic growth is real and sustainable if we stick to our guns. It's the kind of steady, solid growth that doubled America's standard of living in every generation for a hundred years.

Curbing inflation doesn't just make it easier to pay the bills. It's a key to solving all our economic problems. It keeps interest rates down and housing and auto sales up. It improves business planning.

Just last week industrial indicators showed that manufacturing levels are increasing and businesses are beginning to rebuild inventories. This is good news for everyone, because the successes of agriculture are tightly interwoven with the economic policy of our nation.

I want to urge you to look beyond the furrows of yesterday's plow—or the dry fields of this summer's drought. I want to urge you to take a long—and a long-term look at agriculture and its future.

The stars have always inspired us to great endeavors. Ralph Waldo Emerson advised Americans to "hitch your wagon to a star."

I think American agriculture has already hitched its wagon to a star. I have a great deal of confidence in its future. I am excited to be sharing in that future with you.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement by Secretary of Agriculture John R. Block before the House Committee on Agriculture, Oct. 18.

Mr. Chairman, I share the concern of the committee over the problems we face in agricultural export trade, and I appreciate the opportunity to discuss the situation with you.

We last met six months ago—in April—to examine the problems facing U.S. agriculture in the foreign market, and I discussed the factors contributing to the export decline: global recession, large world crop supplies, the strong U.S. dollar, monetary and debt problems among developing countries, trade barriers, and the predatory competition in world agricultural markets.

Except for prospects of economic improvement, these factors are largely unchanged, and the urgency of the situation remains great.

When the figures for fiscal 1983 come in near the end of this month, we expect they will show agricultural exports valued at $34.5 billion, down 12 percent from the previous year. We estimate that volume will be down 9 percent to 144 million metric tons.

These figures compare with the record exports in fiscal 1981 of 162 million tons valued at $43.8 billion.

Looking ahead, we believe the 1983/84 year offers a chance to reverse the downward trend in exports. This is based largely on higher prices for some commodities, a slight increase in demand for feed grains, and an improved trading climate with the Soviet Union and China.

But any gains are likely to be modest. World supplies remain large. Grain crops are projected to be down about 5 percent from the record level of 1982/83. Oilseed production is expected to be 9 percent less than in the year just past, and cotton output will be down marginally.

The large acreage cuts in the United States under the PIK program and the additional production decline caused by the drought have been partially offset by production increases elsewhere. While U.S. grain production for 1983/84 is expected to be down by 129 million tons, foreign production is expected to rise by 43 million tons to a new record.

Australia's wheat production, for example, is forecast to be a record 19 million tons, and Canada will nearly reach last year's record 26.8 million tons.

The same situation prevails in oilseeds and cotton, where U.S. production will be down while total foreign production will reach record levels.

Meanwhile, competition continues to increase as exporting countries seek markets for large supplies that are expected to become larger with this year's harvest. The European Community has not let up on subsidizing the export of all of its major agricultural commodities—sugar, grains, beef, poultry, and dairy.

The administration has acted on a broad front to meet this competition, and to try to do so in a manner consistent with a policy of liberal trade.

We have sharpened and boosted funding for our market development activities. We opened our 11th U.S. agricultural trade office overseas last February. This one is in Jiddah, Saudi Arabia, a $6-billion agricultural market where the U.S. share of the business has been only about 10 percent.

We completely rewrote the regulations governing the operation of our 55 market development cooperators to give them the flexibility to respond quickly to market opportunities—to take the red tape out of their decision-making overseas while retaining our oversight responsibility.

We have continued our program of government/industry missions to foster export trade, the most recent a trade and investment mission to Turkey in cooperation with the Overseas Private Investment Corporation.

To stimulate the export sale of value-added products, we joined with the National Association of State Departments of Agriculture in staging the first National Food and Agriculture Exposition in Atlanta last May.

More than 400 U.S. companies participated in the show, which was attended by almost 1,000 foreign food buyers. The success of this venture has led to plans for a similar exposition in Kansas City in 1985.

Those activities have been useful in helping U.S. exporters to sell in a depressed market, but the most valuable tool in this period of global

financial uncertainty has been export credit, and we have used it to the fullest.

P.L. 480 funding in fiscal 1983 was increased by about $100 million. Agreements were signed for the sale under Title I/III of 4.2 million tons of U.S. agricultural products, 15 percent more than in fiscal 1982, with a value of almost $800 million, up 10 percent.

We more than doubled the authority available for GSM-102, the Commodity Credit Corporation export credit guarantee program, to $4.8 billion. We implemented a blended credit program, which combines credit guarantees with direct, interest-free government credit under GSM-5, to produce a lower interest rate for farm product exports.

Those two programs were used to finance the export sale of $5 billion worth of U.S. agricultural products last fiscal year—2-1/2 times the amount financed under CCC programs in fiscal 1982.

The use of credit has been crucial in cutting U.S. export losses in a no-growth, highly competitive world market. The ratio of agricultural exports that moved under government-assisted credit in the fiscal year just past was more than double that of fiscal 1982—from 7 percent to almost 18 percent.

Credit will continue to be important in meeting foreign competition in countries that are good risks but hard-pressed to meet current needs because of foreign exchange and other constraints even as their economies grow stronger.

Two very positive steps to assist in the export of agricultural products have been the negotiation of a new and larger long-term grain sales agreement with the Soviet Union and the successful conclusion of the textile negotiation with China.

The Soviet Union and China have the greatest potential of any countries for U.S. export growth, and U.S. agriculture's opportunities in each had been restricted.

The United States was shut off from growth in the Soviet market by the embargo of 1980. This was lifted by President Reagan in 1981, but the negative effects lingered through two years in which the original agreement was extended for one year at a time.

As you know, we negotiated a new 5-year agreement, which I was pleased to sign Aug. 25. This agreement increases the minimum Soviet

purchase level by 50 percent—to 9 million tons—and includes soybeans as a partial option.

I am pleased to report that since the signing, the Soviets have bought almost 4 million tons of U.S. grain for delivery in the first year of the new agreement. This represents more than two-thirds of their total for all of last year. In addition, they have bought about 400,000 tons of soybeans.

With the new 5-year agreement in place, U.S. producers have the opportunity to compete fully in a market that will require substantial and sustained imports of grain if the Soviets are to carry out their meat production intentions.

The U.S. Department of Agriculture and its nonprofit market development cooperators have been active in China since before the resumption of full diplomatic relations in 1979, and with some very positive results.

Our exports there grew from $350 million in 1978 to $1.8 billion last year, including more than 8 million tons of corn and wheat worth over $1 billion.

This year, the impasse over textile quotas was troublesome for our export trade with China, which was stalled until agreement on textiles was reached in August. Since then, China has resumed buying, and our grain exports have reached 3.5 million tons. We will consult with the Chinese Nov. 15 on their ability to meet the 6-million-ton yearly grain import minimum set in our grain agreement.

At the April meeting, I discussed in detail the administration's commitment to a liberal world trading system for agriculture based on comparative advantage.

That commitment is unchanged. Our No. 1 priority in trade policy is to continue to adhere to the principles of free trade and to work until those principles are reflected in the rules for international agricultural trade.

Within that priority, our most pressing task is to bring under control the use of export subsidies. We estimate that subsidies by the European Community alone are costing U.S. agriculture $3 billion to $4 billion a year in lost exports.

As a result of the series of meetings with the European Community that ended in June, a U.S.-EC working group has been formed to assist

in developing a common approach to what is necessarily a multilateral task—that of putting teeth into GATT rules to control subsidies.

We are hammering on the need to bring subsidies under control at every opportunity, bilaterally and in international forums—the GATT Committee on Trade in Agriculture, OECD agricultural study group, and the International Wheat Council among them.

I have found, and the members of my staff have found, that the majority of the trading nations want to bring the use of export subsidies under control, and the United States will continue to work toward that end. Brazil, under pressure from us as well as from its own financial situation, has recently eliminated most of its agricultural subsidies.

However, we have in no way discarded our options for countering the use of subsidies while we pursue a solution. Nor are we any less attentive to other trade restricting practices and policies, existing or proposed.

We are gravely concerned at EC measures that would tax consumption of all oils and fats other than butter and restrict imports of nongrain feed ingredients as part of the reform package proposed for the Common Agricultural Policy.

If adopted, those two measures would strike at U.S. exports of oilseed, corn gluten feed, and citrus pellets worth almost $5 billion last year.

The value of our oilseeds and products exports that would be affected by the proposed tax is about $4.2 billion and of U.S. nongrain feed ingredients is around $700 million.

Our concern with the oils tax is not so much its immediate impact—that would likely be a modest reduction in demand. However, it would establish a principle of unilaterally abrogating agreements reached under the General Agreement on Tariffs and Trade. It would be a foot in the door that could lead to serious restrictions on U.S. export trade with the EC.

The Community knows that we are unalterably opposed to those two proposals. We have told them, formally and informally, in letters and in consultations, that if the proposals are implemented, the U.S. will have no choice but to defend agriculture's legitimate trade interests with whatever is necessary to do the job.

We are continuing to put pressure on Japan to resolve our other major trade policy issues—Japanese import quotas on beef and citrus, and quotas and other restrictions on a range of lesser commodities.

After months of bilateral consultations brought no progress, we moved the talks on all commodities except beef and citrus into the GATT, where we have begun consultations under Article 23:1.

The beef and citrus quotas are covered by an agreement reached during the Tokyo Round of trade negotiations, which expires next March 31.

We have met with the Japanese on the beef and citrus quotas several times over many months without progress. The United States has held firm for full import liberalization, by a specified date; Japan has resisted.

At the last meeting, the U.S. indicated that further talks were pointless until the Japanese were more forthcoming, although informal discussions are continuing.

To summarize, these have been frustrating times in agricultural trade. Exports are down, global supplies remain large, the dollar strong, the world economy weak, and export competition, much of it subsidized, is intensifying.

The temptation is great, and it is understandable, to fight subsidy with subsidy, to meet quota with quota, and forget budget concerns by pitting the U.S. Treasury against competitor treasuries in the world market.

But U.S. agriculture, with its tremendous productive capacity and comparative advantage in the production of most commodities, would suffer from the distortions caused by such a confrontation. Indeed, there are no winners in a trade war.

Therefore, our objective for agriculture continues to be a system of liberal world trade. We will continue to work toward negotiated solutions to trade problems, but not at the sacrifice of our legitimate trade interests. We are mindful of the need for export support in whatever form it is required.

In closing, Mr. Chairman, I would like to remind the committee that to be fully effective, the export programs, the use of credit, the trade negotiations, and the productive capacity and efficiency of our

farmers that I have been discussing must be supported also by domestic farm programs that facilitate exports.

Our system of price supports, target prices, and reserves worked well in the rising market and booming export demand of the 1970s. Based on that experience, increasing support prices and rising target price levels were locked into the Agriculture and Food Act of 1981.

Therefore, when the price declines of the 1980s set in, U.S. agriculture was trapped into trying to compete in the world market with price floors above market-clearing levels. To add to the problem, these floors and rising target prices encouraged production, both foreign and domestic, in a time of falling demand.

The export market is U.S. agriculture's growth market, and to fully compete in that market agriculture must be able to respond to market conditions.

Farmers need protection from the hazards of a risky business, but not at the cost of a foreign market that has provided one-fourth of their marketing income.

There must be a better way.

That concludes my statement, Mr. Chairman. I will be glad to respond to questions.

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Statement by Douglas W. MacCleery, deputy assistant secretary for natural resources and environment, U.S. Department of Agriculture, Oct. 20.

Mr. Chairman and members of the committee:

I am pleased to have this opportunity to present the administration's views on H.R. 1149, a bill that would expand the National Wilderness Preservation System in the State of Oregon. As I mentioned at the September 30, 1983, hearing before this Subcommittee on S. 837, this Administration fully supports the concept of wilderness as an important use of Federal land. Wilderness provides important recreational, scientific, and social values. Since it took office, this administration has supported 2.9 million acres, over 4,500 square miles, in additions to the

National Forest portion of the National Wilderness Preservation System. We do believe, however, that the need for more wilderness must be balanced with society's need for other resources which are limited or precluded by wilderness designation. This requires a case-by-case evaluation of the wilderness characteristics of a roadless area, evaluation of the existence of other high-quality wilderness areas in the surrounding region, evaluation of the area for uses which would be limited or precluded by wilderness designation, and by other considerations. We feel strongly that H.R. 1149 does not provide an appropriate balance between more wilderness and the need for resources that would be precluded by wilderness designation. Before I deal with the specifics of the legislation before us, I would like briefly to set the stage with some background information regarding wilderness in Oregon.

Wilderness Designation in Oregon

About 52 percent of Oregon's land area of 61.6 million acres is administered by the federal government. National Forest System lands total about 15.6 million acres, or one-quarter the land area of the state. Lands administered by the Bureau of Land Management total 15.7 million acres. Most of the remaining approximately 1 million acres of federal land in the state are administered by other agencies of the Department of the Interior.

There are about 1.2 million acres of land in Oregon in the National Wilderness Preservation System. An additional 160,000 acres are in Crater Lake National Park, much of which is unroaded and undeveloped. About 8 percent of the National Forest System land in the state is currently in wilderness. This represents a significant acreage already devoted to wilderness.

A fact not often appreciated is that about 53 percent of existing wilderness in Oregon is acreage identified as "productive forest (reserved)." These are lands that would otherwise be classified as "commercial forest lands" were they not withdrawn for wilderness. About 62 percent of the areas recommended by this administration for wilderness in Oregon are also classified as productive forest land. This should effectively respond to the often stated notion that the

administration recommended wildernesses are nothing but high elevation lands—so called "rocks and ice."

As I mentioned at the September 30 hearing, those who advocate large increases in wilderness often state that wilderness is needed to prevent the national forests from being managed intensively for timber production or turned into tree farms. The reality is that much of the national forest land outside of wilderness will never be intensively managed for timber production even though it is classified as "commercial forest land". Some of this land will be managed primarily, though not exclusively, for non-timber objectives, such as wildlife habitat, stream protection, dispersed recreation, or protection of sensitive view zones or recreation areas. Other national forest lands classified as "commercial forest land" will not be managed intensively for timber production for economic reasons or because of environmental problems, such as high potential for erosion or slope-stability problems. In many cases, wilderness designation will severely restrict or prevent achievement of important non-timber objectives, such as motorized recreation, wildlife habitat improvement, fisheries enhancement, protection from insect or fire outbreaks, and other similar objectives that require access and active management.

Existing national forest land management plans use land classifications called "special, marginal and unregulated" to refer to forested areas where timber management is limited by the need to achieve other resource objectives, or because the areas support unmerchantable timber species. It is only on lands referred to as the "standard component" that timber management will not be limited significantly by the need to achieve other non-timber objectives and where full timber yields can be expected. Even there, though, timber production must be coordinated with other multiple-use objectives. Land management plans currently being prepared will use different classification terminology, but the effect will be the same.

Under existing plans, lands in the "standard component" amount to only 42 percent of total national forest System lands in Oregon or about 58 percent of the national forest commercial forest land. If the administration's recommendations are adopted, another 80-100 thousand acres of "standard component" lands would be taken out of production. These figures should refute the charge that wilderness

designation is necessary to prevent lands from being managed for only timber values.

Provisions of H.R. 1149

H.R. 1149 would designate 22 new wildernesses and would make additions to 8 existing wildernesses for a total of 1,128,875 acres of additional wilderness in Oregon. The bill would also designate three new wilderness study areas totaling 98,000 acres. The secretary is directed to review these study areas for their wilderness suitability and to forward his report to the president, who would then submit his recommendation to Congress no later than three years from date of enactment.

The bill also includes a provision that would terminate all existing timber sales in the proposed Middle Santiam, Grassy Knob, Salmon-Huckleberry, Joseph Canyon, Bridge Creek, and Hardesty Mountain Wildernesses and would require substituting contracts of equal volume and value.

Approximately 8,600 acres named in the bill are lands administered by BLM, including the 5,500-acre Table Rock area. We defer to the Department of the Interior for comment on impact of those acreage designations.

The bill provides, with respect to National Forest System lands in the State of Oregon, that the second Roadless Area Review and Evaluation (RARE II) Final not recommended by RARE II for wilderness, not placed by RARE II in further planning status, or not designated by Congress for wilderness study, be released from further review and evaluation as wilderness for purposes of initial land management plans. During the next planning cycle these released areas would not need to be managed for protecting their suitability for possible future wilderness designation. In addition, the bill directs the U.S. Department of Agriculture not to conduct any further state-wide evaluation of national forest lands for determining their possible suitability for wilderness designation.

Comparison with Rare II

During RARE II, approximately 3 million acres of roadless and undeveloped lands on the national forests in Oregon were studied. In the RARE II Final Environmental Impact Statement, 368,000 acres were recommended for wilderness, 400,000 acres were identified for further planning, and approximately 2.2 million acres were allocated to multiple uses other than wilderness. Approximately 30,000 acres of the lands recommended for wilderness were included in legislation modifying the boundaries of Crater Lake National Park during the 96th Congress. The wilderness recommendations of H.R. 1149 are approximately three times the acreage recommended for wilderness in the RARE II Final Environmental Impact Statement. The 1.1 million acres proposed in H.R. 1149 includes:

* Seven areas - 220,000 acres that are identical to the RARE II recommendations.
* Six areas - 385,000 acres that exceed the RARE II wilderness recommendations for those areas by 282,000 acres.
* Fourteen areas - 467,000 acres that were recommended for uses other than wilderness or for further planning in RARE II.
* Two areas - 53,000 acres which were not in the RARE II inventory.
* One Bureau of Land Management area totaling 5,500 acres and an additional 2,600 acres of Bureau of Land Management lands.

The portions of the 14 areas not recommended for wilderness in RARE II and of the 6 areas that exceed the RARE II recommendations by 282,000 acres were allocated to uses other than wilderness because of their significant nonwilderness values. I will discuss these resources in greater detail later in my statement. Two areas, Limpy Rock and Umpqua Spit, which were recommended for wilderness as a result of RARE II, are not among the wilderness designations in H.R. 1149. The two areas total 9,000 acres.

H.R. 1149 would double the present Oregon wilderness acreage, and would result in a total of 34 National Forest System wildernesses in Oregon having a total of 2.3 million acres; they would comprise 15 percent of the National Forest System lands in the state.

Resource Impact of Proposed Wilderness Designations

The RARE II areas recommended for wilderness in Oregon contain about 5 billion board feet of sawtimber growing stock. At a modest average value of $100 per thousand board feet, this represents a total value of about one half billion dollars. The added wilderness and wilderness study areas included in H.R. 1149 that are over and above RARE II would cause that figure to be quadrupled to $2 billion worth of timber which would never be harvested if the bill were enacted.

If enacted, H.R. 1149 would have substantial adverse consequences to existing and future resource management activities. The wilderness and wilderness study designations included in H.R. 1149 would result in a reduction in planned timber sales in upcoming fiscal years of approximately 200 million board feet per year in perpetuity. The reduction represents about 6 percent of the present annual timber sales program on the National Forests in Oregon and represents approximately 50 timber sales each year that would not be made.

We estimate that annual returns to the U.S. Treasury from the sale of timber would be about $35 to $40 million less than projected using the RARE II recommendation. This would mean that losses to counties from 25 percent receipt funds would be about $10 million annually. These estimates are based on anticipated average stumpage values of $200 per thousand board feet. This is greater than the current market ($130 per thousand board feet), but does not approach levels previously experienced ($373 per thousand board feet, FY 80). The resultant loss of jobs both direct and indirect would be between 3,000-3,500 jobs which is an especially significant loss of employment in predominantly rural areas where the existing jobs base is already limited.

There are 14 already existing timber sale contracts in 6 of the proposed wildernesses; these contracts include approximately 79 million board feet. Two of the proposed wildernesses have existing road contracts to build approximately 5 miles of road in each case.

We strongly oppose the provision to substitute equal volume and value for any sales terminated in newly designated wildernesses as it would be extremely complex, expensive, and time-consuming. Negotiating substitute timber sales is complicated by difficulties in agreeing on equal values. Variability in timber stands is such, especially in the Douglas-fir old growth forests of Oregon, that attempting to

balance the volume and value would be very difficult. Substitution would also impact planned sale programs by increasing costs and disrupting the planned sale program.

The ability of national forests in Oregon to meet other important resource targets would also be jeopardized by the enactment of H.R. 1149. A number of the proposed wildernesses would significantly reduce opportunities for a great variety of dispersed recreation activities in a number of areas such as the Diamond Lake area—which is one of the most heavily used snowmobiling areas in the state. There are a number of mining cabins and mining claims which are reached by off-road vehicles in the North Fork John Day area. Grassy Knob and many other areas have heavy concentrations of mining claims. Mill Creek is a favorite gem-stone area to which access is by off-road vehicles.

The wilderness designations in H.R. 1149 are excessive in area because the resources which would be foregone by their designation are extremely valuable. Those resources would contribute significantly in future years to income for the U.S. Treasury and, through shared receipts, to the local counties. Those same resources also will provide a significant contribution to future local employment. Therefore, we strongly oppose enactment of H.R. 1149.

We believe the 330,000 acres recommended for wilderness outlined in the RARE II Final Environmental Impact Statement represents a reasonable and well-balanced proposal. We concur with deleting the 6,700-acre Limpy Rock proposal and the 2,370-acre Umpqua Spit proposal. Neither of the areas is included in H.R. 1149. We recommend deleting the 530-acre Red Butte proposal in Oregon.

Of the remaining 320,000 acres, we have serious doubts concerning the desirability of Sky Lakes and Black Canyon for wilderness designation. Had we now the opportunity to reevaluate these areas, it is likely the Forest Service would recommend these areas for nonwilderness uses because of their high resource values. However, at this time, we support the RARE II recommendations for the 320,000 acres.

We support the inclusion of the release and sufficiency concepts in any wilderness bill, especially the Oregon wilderness bill, but oppose the release language contained in H.R. 1149 as inadequate. We strongly

recommend again a long-term or permanent form of release. Such release would assure a broad range of uses and management of the released lands, resulting in more dependable community and economic stability in the State of Oregon.

Mr. Chairman, this completes my statement. I would be happy to respond to your questions.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

USDA SEEKS COMMENTS ON 1984-CROP PEANUT PROGRAM DIFFERENTIALS

WASHINGTON, Oct. 14—The U.S. Department of Agriculture is seeking comments on price support differentials for the 1984-crop peanut price support program, according to Everett Rank, administrator of USDA's Agricultural Stabilization and Conservation Service.

Price support differentials, authorized for peanuts by section 403 of the Agricultural Act of 1949, adjust price support levels for quality and other factors.

According to Rank, USDA has received suggestions about differentials for 1983-crop Virginia-type peanuts. Some suggestions asked USDA to reduce premiums given for extra large kernel Virginia-type peanuts. Others sought lowering the amount of extra large kernels per ton which would be eligible to receive a premium. Still others wanted the averaging method for determining the incidence of extra large kernels changed and the excess moisture discount triggering level equalized.

Rank said USDA seeks broad public comment on differentials. The most desirable comments present concept packages that give consideration to the effect of differential change between types of peanuts.

Details about the notice on the 1984-crop peanut price differentials will be published in the Oct. 17 Federal Register. The deadline for comments is Dec. 16, 1983.

Comments should be sent to: Director, Tobacco and Peanuts Division, USDA/ASCS, P.O. Box 2415, Washington, D. C. 20013.

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USDA PROPOSES PROCEDURE FOR NEW BIRD QUARANTINE STATIONS

WASHINGTON, Oct. 17—The U.S. Department of Agriculture has proposed a procedure for licensing new commercial bird quarantine facilities, a USDA animal health official said today.

John K. Atwell, deputy administrator for USDA's Animal and Plant Health Inspection Service, said the procedure is needed so bird importers may develop and operate new quarantine stations in the future.

"In recent years, the number of USDA approved, commercially owned quarantine facilities has been limited by the availability of USDA veterinary services personnel," Atwell said. "However, it now appears we can service additional facilities."

Atwell said rather than maintaining a permanent list of applicants, USDA would announce the availability of additional spaces at designated ports, and would invite applications. Applications would be accepted within 60 days of an announcement.

Atwell said requests for priority approval would be considered only for applicants requesting transfer of currently approved quarantine stations from ports where essential services are withdrawn through no fault of the operator.

Applicants could request approval for more than one facility. If the number of applications does not exceed the number that would be used to allocate available openings.

Atwell said applicants would have to provide specific information about their business operation, its ownership, who will manage the facility, the proposed location and detailed plans of the facility building.

Some 85 privately owned commercial bird quarantine stations currently are licensed and supervised by USDA at nine ports of entry. They provide a safe means for importing pet and zoological birds for distribution within the United States, Atwell said.

"We need quarantines because of exotic Newcastle disease, a highly contagious viral infection that is usually fatal to poultry as well as cage birds," he said.

Comments on this proposal may be submitted through Nov. 14 to Thomas O. Gessel, Director, Regulatory Coordination Staff, APHIS,

USDA, Room 728 Federal Building, 6505 Belcrest Rd., Hyattsville, Md. 20782.

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WISCONSIN LOSES BOVINE TB-FREE STATUS BECAUSE OF DISEASE OUTBREAKS

WASHINGTON, Oct. 17—The U.S. Department of Agriculture has dropped Wisconsin from the list of states accredited free of bovine tuberculosis because the state has had five outbreaks of the disease.

Dr. A. R. McLaughlin, veterinarian in charge in Wisconsin for USDA's Animal and Plant Health Inspection Service, said bovine tuberculosis has been confirmed in two dairy herds near Luxemburg and New Franken, Wis., and is indicated by herd tests in three other herds.

"All of these outbreaks are related to movements from one herd to another or to intermingling of herds over the past five years," McLaughlin said. "We are tracing all movements in and out of these herds, and anticipate that we will locate all exposed animals."

McLaughlin said that confirmed tuberculosis infection in two or more herds disqualifies a state from TB-free accreditation.

USDA declared Wisconsin free of TB in December 1980.

McLaughlin said tuberculosis was first indicated May 13, when lesions resembling tuberculosis were found by meat inspectors in the carcass of a cow from the dairy herd near Luxemburg, Wis. Similar lesions were found in other animals that were slaughtered after reacting positively to tuberculin tests.

The disease can be confirmed only after the bacterium is isolated from tissues of these animals.

All infected and exposed cattle—about 300 animals—are being slaughtered to eliminate the infection, McLaughlin said. Owners are paid indemnities to partially compensate them for losses not recovered through salvage at slaughter.

Removing Wisconsin from TB-free status leaves 23 accredited states: Arizona, Colorado, Connecticut, Delaware, Maine, Maryland, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New

Jersey, New Mexico, New York, North Carolina, North Dakota, Rhode Island, South Carolina, South Dakota, Utah, Vermont, Virginia, Wyoming and the U.S. Virgin Islands.

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JUDGMENT ISSUED AGAINST TEXAS COTTON MERCHANT

WASHINGTON, Oct. 17—The U.S. District Court, Northern District of Texas, has issued an agreed judgment against Royce W. Cooley and Cooley Cotton Co., Inc., Lubbock, Texas, for $181,276 in unpaid assessments and $1,000 in penalty for violation of the Cotton Research and Promotion Act.

Jesse F. Moore, cotton official with the U.S. Department of Agriculture's Agricultural Marketing Service, said the judgment resulted from Cooley's failure as a collecting handler to remit research and promotion assessments to the Cotton Board.

The Cotton Research and Promotion Act authorizes a producer-funded research and promotion program administered by the Cotton Board under the supervision of USDA, Moore said. Cotton growers are assessed about $2 per bale for the program, which is designed to strengthen the competitive position of cotton and expand its uses.

Moore said the judgment also enjoins Cooley and anyone in active participation with him from further violations of the Cotton Research and Promotion Act.

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NATIONAL FORUM ON NONINDUSTRIAL PRIVATE FOREST LANDS SET FOR ST. LOUIS

WASHINGTON, Oct. 17—Representatives from all segments of the forestry community will hold a forum Oct. 31-Nov. 3 in St. Louis, Mo., to discuss ways to increase productivity of nonindustrial private forest lands.

These lands are forest lands capable of producing commercial crops of timber which are neither government- or industry-owned.

The U.S. Department of Agriculture is convening the forum.

John B. Crowell, Jr., assistant secretary of agriculture for natural resources and environment, said participants representing consulting foresters, federal and state government agencies, forest landowners and forest industry will attempt to reach a consensus on identifcation of problems and opportunities relating to increased productivity on nonindustrial private forest lands, what can be done about the problems, how best to take advantage of the opportunities and which segments of the forestry community should do what.

William F. Winter, the governor of Mississipi, will address the forum Nov. 1.

Almost 60 percent of the nation's commercial forest land is in 7.8 million nonindustrial, private ownerships, Crowell said. Projections of timber supply and demand show there are substantial opportunities through investments and improved management to increase production from these lands over the next 25-30 years.

"Our objective in convening this forum," Crowell said, "is to try to forge a consensus for action among all segments of the forestry community.

"The alternative," he said, "will be future high prices for wood products which will, in turn, adversely affect the overall economy."

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USDA PROPOSES TO REMOVE REQUIREMENT FOR A TRACER ON SOY PRODUCT

WASHINGTON, Oct. 18—The U.S. Department of Agriculture is proposing to eliminate a requirement that titanium dioxide be added to isolated soy protein.

Isolated soy protein is a binder or extender in some meat and poultry products. The titanium dioxide serves as a chemical marker.

The compound helps to determine the presence of isolated soy protein that has been used in some sausages and certain other meat

products in which USDA permits its use, said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

USDA currently requires that isolated soy protein added to meat and poultry products contain one tenth of one percent titanium dioxide.

"Chemical markers are not required for whey or other approved protein extenders and binders," said Houston. "Experience has shown that isolated soy protein is not more likely to be misused than these other substances. Furthermore, USDA has established certain procedures to assure that processed products are properly formulated and labeled.

"Before isolated soy protein or other more commonly used proteins can be used in sausages or other meat or poultry products, manufacturers must obtain USDA approval for the product's formulation and label," Houston said. The requirements help ensure that the quantities of non-meat proteins comply with USDA standards for the food and that consumers receive correct information on food labels."

The proposal is in response to a petition from Archer Daniels Midland Company, Grain Processing Corporation and Ralston Purina Company.

Comments are due by Dec. 19. They should be identified as responses to Docket Number 83-021P and sent in duplicate to the Regulations Office, Attn: Annie Johnson, FSIS Hearing Clerk, Room 2637-South, USDA, Washington, D.C. 20250.

The Food Safety and Inspection Service is the USDA agency responsible for federal inspection of meat and poultry to ensure safety, wholesomeness and label accuracy.

#

USDA FINDS SHEEP SCRAPIE IN 10 STATES DURING PAST FISCAL YEAR

WASHINGTON, Oct. 19—Sheep scrapie, a slow-acting viral disease, was diagnosed in 15 sheep flocks in 10 states during the past fiscal year, a U.S. Department of Agriculture veterinarian said today.

The 10 states were Massachusetts, New Jersey, Texas, Indiana, Michigan, Wisconsin, Virginia, Oklahoma, Louisiana and Illinois, said Dr. Jack R. Pitcher, staff veterinarian with USDA's Animal and Plant Health Inspection Service. Bloodline sheep were also located and destroyed in North Carolina, New York, Washington, Kansas and Missouri, he said.

"About 1,600 infected and related or exposed sheep were destroyed to stop the spread of scrapie," Pitcher said. "We paid the owners of the flocks about $300,000 in indemnities to help compensate for the animals that had to be destroyed."

Until April 15, USDA policy was to destroy all infected and exposed sheep in a flock when the disease was diagnosed. Since that time, however, the policy is to destroy only bloodline related animals because the disease is transmitted primarily along bloodlines, especially from dam to offspring.

In six of the flocks—found infected after April 15—Pitcher said, USDA was able to trace the bloodlines. In these cases, only bloodline animals were destroyed, thereby reducing the number of animals killed by 500, and the cost of indemnities by $113,000.

Scrapie is a disease of sheep and goats that attacks the central nervous system. It has an extremely long incubation period, requiring 18 to 42 months or longer before clinical signs appear. It is nearly always fatal. Clinical signs include poor condition, unsteady gait and rubbing or scratching to relieve intense itching.

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INTERNATIONAL WILDLAND FIREFIGHTERS GATHER FOR TRAINING

WASHINGTON, Oct. 20—A three-week training session in wildland fire management, conducted entirely in Spanish, has attracted 60 participants from 20 countries, R. Max Peterson, chief of the U.S. Department of Agriculture's Forest Service, said today.

The course will be held Oct. 23 to Nov. 10 at the Forest Service's National Advanced Resource Technology Center in Marana, Ariz. It is the first course at Marana specially designed for Spanish-speaking fire

personnel and the first time training was intended specifically for international participants.

The training is being provided in cooperation with the Office of U.S. Foreign Disaster Assistance, Agency for International Development. That agency is providing funds for most of the foreign participants to attend. Instructors are personnel of the Forest Service, National Park Service, and National Weather Service. Also teaching will be three Chilean fire fighting specialists.

Peterson said the session was created because these participating countries wanted to do a better job of resource management to protect human life, property and the increasingly valuable natural resources in these areas.

Course subjects will include fire behavior, principles of suppression and organization, fireline equipment and application, air operations, and prescribed fire planning and fuels management. Attendees also will participate in field demonstrations and exercises.

Among the countries participating are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Spain, Uruguay and Venezuela.

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NATIONAL PLAN COMPLETED TO ENCOURAGE FISH FARMING IN U.S.

WASHINGTON, Oct. 21—A plan designed to encourage the development of fish farming in the United States has been sent to Congress, Secretary of Agriculture John R. Block said today.

Block said the National Aquaculture Development Plan was developed by the U.S. Department of Agriculture in cooperation with the U.S. Departments of Commerce and Interior and other agencies as required by the National Aquaculture Act of 1980 (PL 93-362).

"This report is especially timely in view of the rapid growth of aquaculture in this country and in the world," Block said. "There has been a worldwide expansion of aquaculture over the past 15 years," Block said. "In 1975, U.S. aquaculture production was about 130 million

pounds. We expect next year's production to be well over 400 million pounds.

"I'm pleased at the inter-departmental coordination on behalf of a common constituency."

Block said the plan identifies constraints to the development of fish farming, such as competition for land and water areas and markets, and shows ways the federal government can support the growth of the aquaculture industry in the United States.

"Aquaculture is a dynamic and growing segment of the American economy. Tremendous strides and yields have been seen in the past 15 years will become a significant source of aquatic products in this decade," the report says.

The plan was compiled by the Joint Subcommittee on Aquaculture which operates under the Office of Science and Technology.

"The report will help streamline the federal aquaculture effort and help public agencies remove barriers that have faced aquaculture in the past," Block said. "It also will identify areas where research and technological advances can have the greatest positive impact on aquaculture development.

"We at the USDA look forward to working with our colleagues throughout government to enhance aquaculture and help provide consumers with nutritious, wholesome fish and shellfish from our nation's farms." Block said.

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